

P-407,421,406/CP-92-1415 ORDER REQUIRING COST STUDIES AND  
PROPOSED RATES USING PRESCRIBED TRAFFIC STUDIES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
Cynthia A. Kitlinski  
Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service From  
Garrison to Nokay Lake and  
Brainerd

ISSUE DATE: August 6, 1993

DOCKET NO. P-407,421,406/CP-92-  
1415

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TRAFFIC STUDIES

**PROCEDURAL HISTORY**

On December 17, 1992, the City of Garrison filed petition with the Commission for extended area service (EAS). The cover letter requested EAS to Brainerd, Nokay Lake, Bennetville, and Onamia. The petition forms, however, requested EAS from Garrison to Brainerd, or else were blank.

On March 8, 1993, the Department filed a letter with the Commission recommending the petition be dismissed and the docket closed.

On May 7, 1993 the Commission issued its ORDER REQUIRING TRAFFIC STUDIES. In that Order, the Commission found that the appropriate route for balloting considerations was Garrison to the Nokay Lake and Brainerd local calling area, and that route met the adjacency requirement of Minn. Stat. §237.161. The Commission ordered GTE Minnesota (GTE) and AT&T Communications of the Midwest, Inc. (AT&T) to submit traffic studies for the Garrison to Nokay Lake and Brainerd route.

On June 21, 1993, GTE filed traffic information.

On July 14, 1993, AT&T filed traffic information.

On August 3, 1993, the Commission met to consider this matter.

## FINDINGS AND CONCLUSIONS

According to the extended area service (EAS) statute, the Commission must grant a petition to install EAS if 1) the petitioning exchange is contiguous to the petitioned exchange or local calling area, 2) at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the petitioned exchange or local calling area, and 3) a majority of the customers in the petitioning exchange responding to a poll indicate that they favor its installation. Minn. Stat. § 237.161, subd. 1 (a) (1992).

In processing EAS petitions, the Commission's threshold determinations are whether the petition meets the statute's adjacency and traffic requirements. If so, the Commission sets EAS rates which are then used in polling the subscribers of the petitioning exchange. Finally, if polling shows that there is adequate support among the subscribers, the Commission will order the affected telephone companies to install the EAS.

### Adjacency

In a previous Order in this matter, the Commission found that the petitioning Garrison exchange meets the adjacency requirement with respect to the Nokay Lake/Brainerd local calling area. ORDER REQUIRING TRAFFIC STUDIES.

### Traffic Requirement

According to traffic studies filed by GTE, more than 50 percent of Garrison's subscribers make one or more calls per month to the Nokay Lake/Brainerd local calling area. Accordingly, even though AT&T's traffic data was not in useable form, the GTE data alone was sufficient to show that Garrison met the statute's traffic criterion.

### Cost Studies and Proposed Rates

The Commission will now prepare to set EAS rates that will be used in polling Garrison subscribers to determine whether the final statutory requirement (adequate subscriber support) will be met. The costs of installing the route in question provide the foundation for such rates. This Order will direct GTE (the company serving the petitioning exchange, Garrison) and USWC and Consolidated Telephone Company (serving the Brainerd and Nokay Lake exchanges respectively) to file cost studies and proposed rates consistent with the quality required in prior EAS cases.

A complicating factor in this matter is that the proposed route crosses both a LATA boundary and an area code boundary. As a consequence, several interexchange carriers (IXCs) are involved

in carrying traffic between the exchanges. This complicates the calculation of traffic data to be used in the cost studies. In previous dockets involving similar circumstances, the Commission established a study methodology that it will use in the current Garrison case. See the Commission's November 6, 1992 ORDER APPROVING TRAFFIC STUDY METHODOLOGY AND REQUIRING FURTHER FILINGS (Docket Nos. P-401/CP-89-951 and P-421/CP-87-352). Pursuant to this methodology, AT&T is required to provide one year's worth of traffic data and other interexchange carriers are required to provide a minimum of one month's traffic data which can be adjusted for seasonality based on the AT&T traffic.

The fact that the proposed EAS route crosses an NPA boundary linking exchanges in different area codes creates an additional complication in this case which the parties will be required to address: Garrison is a **692** exchange in the 612 area while another exchange in the potentially crossed into 218 area, Cross Lake, is also a **692** exchange.

#### ORDER

1. Within 60 days of the Commission's Order, interexchange carriers (IXCs) providing service over the Garrison to Nokay Lake and Brainerd route shall file traffic studies and serve copies on Consolidated Telephone Company (Consolidated), GTE, and USWC. The traffic study methodology shall be consistent with interLATA traffic agreements in previous EAS cases. The IXCs shall cooperate fully with the local companies in providing needed data. Local companies shall contact the Commission immediately if they experience any difficulty with acquiring needed data.
2. Within 60 days of the filing of the IXC's cost studies, the affected local telephone companies (Consolidated, GTE, and USWC) shall file cost studies and proposed rates. The cost studies shall be consistent with previous Commission orders regarding EAS cost studies and the collecting of interLATA traffic data.
3. As part of the cost study and proposed rate filing, Consolidated, GTE, and USWC shall identify possible solutions to difficulties with the potential route crossing the NPA (area code) boundary, and the possible duplication of NXXs. Parties shall also recommend one approach to the Commission.
4. Proposed rates shall show revenue requirement splits assigning 75 percent, 60 percent, and 50 percent to the petitioning exchange.

5. Within 45 days of receipt of cost studies and proposed rates, the Department of Public Service (the Department) shall file its report and recommendation on those filings. If the Department recommends any changes in the filings, it shall show the effect on rates at the 75 percent, 60 percent, and 50 percent assignment of revenue requirement to the petitioning exchange. The Department shall also include in its report all identified possible solutions to the NPA and NXX difficulties, and recommend Commission action should the vote be affirmative.
6. Parties shall have 20 days from the filing of the Department's report to make final comments.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

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